L. Pollak K.H.
PAL
pmw/hm 8v file

120 PK
120 MH

CS: 26-07-01
MARGARETA JOURNOT

THE FOLLOWING IS A FULL CORRECTION OF TRANSMISSION ERROR TO OUR 23 JULY WEEKLY FLASH. PLEASE ENSURE THAT THE FULL CORRECTED TEXT IS DISTRIBUTED TO H.M. AND PMI DISTRIBUTION LIST.

CF: 23-07-02
HAMISH MAXWELL

CC: TG, WTM, GEK, RWM (PME)
T.M. KEARNS, R.L. SNYDER, L. POLLAK,
F.M. DULLES, M. JOURNOT (PMI)

FLASH FOR WEEK ENDING 23 JULY 1982

1. LEGAL

A) EEC

PHILIP MORRIS AND REMBRANDT LAWYERS MET IN BRUSSELS ON 22 JULY 1982 TO DISCUSS THE RESPECTIVE PM AND REMBRANDT DRAFT BRIEFS FOR THE EUROPEAN COMMISSION. THE PM REPLY BRIEF WILL BE READY FOR FILING ON FRIDAY, 30 JULY 1982. REMBRANDT ARE CONTINUING TO HAVE DIFFICULTIES IN MEETING THE DEADLINE, AND EFFORTS ARE CONTINUING TO FIND A SATISFACTORY RESOLUTION TO THIS PROBLEM. HOWEVER, IT HAS BEEN DECIDED THAT NO COMMITMENTS WILL BE GIVEN TO THE EEC AS A QUID-PRO-QUO FOR OBTAINING A 30 DAY EXTENSION.

B) CANADA

JOHN SIMS OF THE DEPARTMENT OF JUSTICE TELEPHONED JOHN B. CLAXTON ON 13 JULY 1982 TO ADVISE THAT THE DEPARTMENT DID NOT INTEND TO CONTEST THE TIMELINESS OF OUR APPLICATION FOR A DECLARATORY JUDGEMENT. HE ALSO ASKED FOR A FURTHER TWO WEEK DELAY IN WHICH TO FILE A DEFENSE TO OUR LEGAL ACTION. THE REQUEST WAS AGREED TO BY J.B. CLAXTON AND THE EXTENSION WILL END ON TUESDAY, 27 JULY 1982.

C) GERMANY

PREPARATION CONTINUES ON THE JOINT BRIEF TO BE FILED BY PM AND REMBRANDT WITH THE BERLIN COURT OF APPEALS BY FRIDAY JULY 30.

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Source: https://www.industrydocuments.ucsf.edu/docs/gqkx0000

2. BUSINESS DEVELOPMENT

A) DUNHILL/TEI USA

EH WILL MEET W. BRINK ON 27 JULY TO CONSIDER THE QUESTION OF THE DUNHILL LICENSE FOR THE USA AND PROPOSALS FOR PM TO ASSUME THE TEI OPERATION IN THE USA.

B) CARLING O'KEEFE

MILLER MANAGEMENT MET THIS WEEK TO DETERMINE THE NEXT STEPS CONCERNING PLANS FOR THE BREWING OF MILLER HIGH LIFE IN CANADA AND THE IMPORT OF A CANADIAN BREWED BEER INTO THE USA. IT IS INTENDED TO ARRANGE A MEETING WITH CARLING MANAGEMENT TO TAKE PLACE WITHIN THE NEXT TWO WEEKS. DELAYS HAVE OCCURED IN REDRAFTING THE CONTRACTS BY PM LAWYERS.

MEANWHILE, GOOD PROGRESS IS BEING MADE ON CONSUMER TESTING OF HIGH LIFE BREWED IN TORONTO, WITH RESULTS DUE IN 4-6 WEEKS. ALSO, AN ACCEPTABLE PRODUCT HAS BEEN TESTED FOR THE CANADIAN BEER TO BE MARKETED IN THE USA UNDER THE CALGARY BRAND. ADVERTISING CONCEPTS ARE NOW BEING DEVELOPED FOR CALGARY.

C) SOUTH AFRICA

REMBRANDT ADVISED THAT THEY EXPECT WINSTON TO BE LOCALLY MANUFACTURED BY BAT, AND INDICATED THEY WOULD LIKE TO IMMEDIATELY REINTRODUCE L+M IN SOUTH AFRICA TO COUNTER THIS. PM AGREED TO THE REQUEST.

3. OPERATIONS

ET

LAWYERS FOR PM, AIRCO, ROTHMANS AND BAT MET IN NEW YORK ON 14 JUNE 1982 TO DISCUSS THE DIET SUIT. PM BELIEVES THAT IT IS IN OUR INTEREST THAT RJ VIGOROUSLY PURSUE THEIR DEFENSE. HOWEVER, IN RETURN RJ HAVE ASKED AIRCO TO GUARANTEE FULL INDEMNITY SO THAT THEY DO NOT FIND THEMSELVES HAVING TO PAY DOUBLE ROYALTIES IN THE EVENT THE COURTS DECIDE IN FAVOUR OF RJR. AIRCO TO DATE HAS NOT CONSENTED TO THIS REQUEST.

4. FINANCIAL

A) ROTHMANS INTERNATIONAL

ROTHMANS HAVE REPORTED PRE-TAX PROFITS OF POUNDS 105.2 MIO FOR THE YEAR ENDING 31 MARCH 1982 AGAINST POUNDS 71.2 MIO IN 1981, A 47.8 O/O INCREASE. NET PROFITS WERE POUNDS 49.9 MIO COMPARED WITH POUNDS 20.2 MIO IN THE PRIOR YEAR.

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Source: https://www.industrydocuments.ucsf.edu/docs/gqkx0000

IMPROVEMENTS IN PROFITS WERE DUE TO RATIONALIZATIONS AND MORE BENEFICIAL PRICING IN THE U.K. ROTHMANS ALSO ADDED POUNDS 10. MIO. TO PROFITS AS A RESULT OF EXCHANGE GAINS. CONTRIBUTION FROM ASSOCIATED COMPANIES WAS POUNDS 24.1 MIO., UP FROM POUNDS 16.3 MIO., REFLECTING MAINLY AUSTRALIA. ROTHMANS SHARES MOVED 4P HIGHER IN ANTICIPATION OF THE YEAR'S RESULTS TO 98P, BUT DECLINED SUBSEQUENTLY BACK TO 94P. TOTAL DIVIDEND PAYMENTS INCREASED FROM 3.65P TO 4.4P PER SHARE. THE FINAL DIVIDEND PAYOUT TO PHILIP MORRIS WILL AMOUNT TO DLRS 2.11 MIO. (POUNDS 1.11 MIO.).

B) REMBRANDT GROUP

THE REMBRANDT GROUP REPORTED YEAR ENDED 31/3/82 PROFITS OF RAND 207 MIO (DLRS 183 MIO) AS COMPARED WITH RAND 170 MIO (DLRS 150 MIO) FOR 1981. INCLUDED IN THIS YEAR'S PROFITS WERE ASSOCIATED COMPANIES PROFITS OF RAND 68 MIO., COMPARED WITH RAND 52 MIO. LAST YEAR.

5. GENERAL

A) MR. GIUDICE OF MARTIN BRINKMANN AG REQUESTED A MEETING ON 20 AUGUST TOGETHER WITH MR. E. DE JAEGERE OF TABACOFINA FOR THE PURPOSE OF PRESENTING A PROPOSAL TO RESOLVE THE CHESTERFIELD ISSUE ON A EUROPEAN BASIS.

B) CLOSING PRICES AS OF

	JULY 9	JULY 16
ROTHMANS INTERNATIONAL (PENCE)	91	92
RI CONVERTIBLE POUNDS/DM BONDS(DM)	3179	3188
DUNHILL (PENCE)	265	265
CARROLLS IRISH (POUNDS)	59	N/A
TABACOFINA (BF)		
- SPOT	2540	2525
ROTHMANS OF PALL MALL CANADA (CAN DLRS)		
- COMMON	21-1/2	23-1/4
CARLING O'KEEFE (CAN DLRS)		
- COMMON	N/A	7-5/8
- PREFERRED 'A'	N/A	16-1/4
ROTHMANS OF PALL MALL AUSTRALIA (AUS DLRS)		
- SYDNEY	5.36	5.34
ROTHMANS INDUSTRIES, N.Z. (N.Z. DLRS)	1.55	1.45
ROTHMANS OF PALL MALL MALAYSIA (SING DLRS)	2.94	2.95
ROTHMANS INDUSTRIES LTD. (SING DLRS)	1.49	N/A

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E. HOUMINER
+++ME/JM

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